

**NJ TRANSIT**

**BOARD ADMINISTRATION COMMITTEE MEETING  
OPEN TO MEMBERS OF THE PUBLIC**

**TUESDAY, APRIL 24, 2018**

**9:30 AM**

**ONE PENN PLAZA EAST  
9<sup>TH</sup> FLOOR BOARD ROOM  
NEWARK, NJ 07105**

**NJ TRANSIT BOARD  
ADMINISTRATION COMMITTEE MEETING  
OPEN TO MEMBERS OF THE PUBLIC**

**TUESDAY, APRIL 24, 2018  
9:30 AM – BOARD ROOM – 9<sup>TH</sup> FLOOR – NEWARK, NJ**

**PUBLIC COMMENTS ON AGENDA** (Two minutes per speaker)

**STAFF REPORT**

FINANCIAL UPDATE

*(PRESENTERS: MICHAEL LIHVARIK/AL TILLOTSON)*

# FINANCIAL UPDATE



RESULTS OF OPERATIONS  
AND  
BUDGET VARIANCE ANALYSIS  
FISCAL YEAR 2018

MONTH OF JANUARY, 2018

**NEW JERSEY TRANSIT CORPORATION  
BUDGET-TO-ACTUAL COMPARISON AND VARIANCE ANALYSIS  
CONSOLIDATED STATEMENT OF REVENUE AND EXPENSES  
FOR THE FISCAL YEAR-TO-DATE ENDED JANUARY 31, 2018**

	Fiscal year-to-date		Variance	
	Actuals	Budget	\$	%
<b><u>Revenues</u></b>				
Passenger Revenue	\$568,045,712	\$597,794,024	(\$29,748,312)	(5.0)
Other Operating Revenue	55,320,463	53,637,600	1,682,863	3.1
State Operating Assistance	70,000,000	70,000,000	0	0.0
TTF Capital Maintenance	0	0	0	-
Other Grants and Reimbursements	556,310,949	550,205,202	6,105,747	1.1
<b>Total Revenue</b>	<b>1,249,677,124</b>	<b>1,271,636,826</b>	<b>(21,959,702)</b>	<b>(1.7)</b>
<b><u>Expenses</u></b>				
Labor	415,334,617	418,980,505	3,645,888	0.9
Fringe Benefits	330,989,739	329,886,036	(1,103,703)	(0.3)
Outside Services	82,429,219	84,248,468	1,819,249	2.2
Propulsion	25,981,119	26,351,161	370,042	1.4
Revenue Vehicle Fuel	32,043,056	34,101,378	2,058,322	6.0
Materials & Supplies	101,340,342	93,970,531	(7,369,811)	(7.8)
Utilities	26,310,136	26,786,630	476,494	1.8
Claims & Insurance	39,275,053	39,632,090	357,037	0.9
Purchased Transportation	148,927,221	140,834,551	(8,092,670)	(5.7)
Tolls, Trackage & Fees	49,456,803	49,668,508	211,705	0.4
Miscellaneous Expenses	22,415,597	27,176,968	4,761,371	17.5
<b>Total Operating Expenses</b>	<b>1,274,502,902</b>	<b>1,271,636,826</b>	<b>(2,866,076)</b>	<b>(0.2)</b>
<b>Net Income/(Loss) From Operations</b>	<b>(24,825,778)</b>	<b>0</b>	<b>(24,825,778)</b>	<b>0.0</b>
<b><u>Other Income (Expense):</u></b>				
Debt Cost Reimbursements	31,538,604	0	31,538,604	0.0
Debt Costs	(31,538,604)	0	(31,538,604)	0.0
Other Uses of Operating Funds	0	0	0	0.0
<b>Total Other Income (Expense)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
<b>Net Income/(Loss)</b>	<b>(\$24,825,778)</b>	<b>\$0</b>	<b>(\$24,825,778)</b>	<b>0.0</b>

## **Overview:**

The January year-to-date budget-to-actual variance totaled \$24.8 million which included \$21.9 million in lost revenue and expenses paid to date related to the Amtrak repairwork at New York Penn Station. The projected total cost for the Amtrak repairwork is \$25 million.

When adjusting for the repairwork paid to date, the net month ending variance is reduced to a negative \$2.9 million or 0.3%.

## **Revenue:**

- Passenger revenue for the first seven months of fiscal year 2018 was \$29.7 million or 5.0% unfavorable to budget. Of this amount \$8.9 million was the result of Amtrak repairwork at New York Penn Station thereby resulting in a net passenger revenue loss of \$20.8 million or 3.5%.
- Overall, Rail passenger revenues were unfavorable by \$22.9 million (6.5%), Bus passenger revenues were unfavorable by \$6.4 million (2.7%) and Light Rail passenger revenue was essentially on budget.
- Year-over-year ridership decreased 3.9 million passengers or 2.5%. Rail ridership decreased 3.3%, Bus ridership decreased 2.0% and Light Rail ridership decreased 2.7%. Additional revenue and ridership statistics are presented in the Revenue and Ridership section at the end of this report.
- Other revenue was favorable to budget by \$1.7 million, or 3.1%. This was primarily the result of greater than anticipated Metro-North service revenue, permit and other revenues.
- Other grants and reimbursements were favorable by \$6.1 million or 1.1%. This was the result of favorable reimbursable project revenue.

## **Operating Expenses:**

- Labor costs for the first seven months of fiscal year 2018 were favorable by \$3.6 million, or 0.9% Fringe benefit costs were essentially on budget.
- Outside services were favorable to budget by \$1.8 million, or 2.2%. This variance is comprised primarily of unfavorable project expenses of \$1.3 million, relating to station repairs, environmental compliance programs and data center costs, offset by favorable operating expenses associated with electronic equipment service and security services.
- Revenue vehicle fuel costs were favorable by \$2.1 million, or 6.0%. This favorable variance was due to lower than budgeted costs per gallon of fuel.

- Materials and supplies were unfavorable by \$7.4 million, or 7.8% of which \$8.8 million is reimbursable. Reimbursable expenses include ALP 45 Top Deck overhauls and the replacement of main inductors on Arrow III rail cars. Favorable operating expenses of \$1.5 million are comprised mainly of unfavorable expenses related to reconditioned parts and other materials and supplies of \$4.8 million offset by favorable expenses related to revenue vehicle materials and diesel service vehicle material costs totaling \$5.1 million.
- Purchased transportation was unfavorable to budget by \$8.1 million, or 5.7% due to the payment of \$9.7 million in added Private Bus and Ferry service costs related to Amtrak repairwork at New York Penn Station.
- Tolls, Trackage and Miscellaneous costs were favorable by \$5.0 million, due primarily to lower than anticipated credit card fees, and lease and rental expenses.

# NJ TRANSIT CORPORATION

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## REVENUE REPORT

FOR THE MONTH AND FISCAL YEAR-TO-DATE JANUARY 31, 2018

### COMPARISON TO BUDGET

Current Month \$		Variance		Division	Fiscal Year to Date \$		Variance	
Actual	Budget	\$	%		Actual	Budget	\$	%
43,918,823	45,951,000	(2,032,177)	(4.42)	Rail Operations	327,999,570	350,934,600	(22,935,030)	(6.54)
29,912,280	30,976,782	(1,064,502)	(3.44)	Bus Operations (1)	226,933,758	233,304,424	(6,370,666)	(2.73)
1,760,256	1,815,000	(54,744)	(3.02)	Light Rail Operations (2)	13,112,384	13,555,000	(442,616)	(3.27)
<b>75,591,359</b>	<b>78,742,782</b>	<b>(3,151,423)</b>	<b>(4.00)</b>	<b>NJ Transit Total</b>	<b>568,045,712</b>	<b>597,794,024</b>	<b>(29,748,312)</b>	<b>(4.98)</b>

### COMPARISON TO LAST YEAR

Current Month \$		Variance		Division	Fiscal Year to Date \$		Variance	
FY '18	FY '17	\$	%		FY '18	FY '17	\$	%
43,918,823	45,735,773	(1,816,950)	(3.97)	Rail Operations	327,999,570	345,914,618	(17,915,048)	(5.18)
29,912,280	30,373,147	(460,867)	(1.52)	Bus Operations (1)	226,933,758	228,196,577	(1,262,819)	(0.55)
1,760,256	1,809,740	(49,484)	(2.73)	Light Rail Operations (2)	13,112,384	13,516,032	(403,648)	(2.99)
<b>75,591,359</b>	<b>77,918,660</b>	<b>(2,327,301)</b>	<b>(2.99)</b>	<b>NJ Transit Total</b>	<b>568,045,712</b>	<b>587,627,227</b>	<b>(19,581,515)</b>	<b>(3.33)</b>

#### NOTES:

1. Includes service operated for NJ TRANSIT by Contract Carriers.
2. Light Rail Operations is comprised of HBLR, Newark Light Rail/City Subway and River LINE totals.



# NJ TRANSIT CORPORATION

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## RIDERSHIP REPORT

FOR THE MONTH AND FISCAL YEAR-TO-DATE JANUARY 31, 2018

### COMPARISON TO LAST YEAR

<b>Current Month</b>		<b>Variance</b>		<b>Division</b>	<b>Fiscal Year to Date</b>		<b>Variance</b>	
FY '18	FY '17	#	%		FY '18	FY '17	#	%
1,795,700	1,860,991	(65,291)	(3.51)	<b>Rail Ridership</b>	12,639,927	13,321,975	(682,048)	(5.12)
811,407	830,043	(18,636)	(2.25)	M&E Lines	5,942,037	6,149,515	(207,478)	(3.37)
<b>2,607,107</b>	<b>2,691,034</b>	<b>(83,927)</b>	<b>(3.12)</b>	Main & Pascack Lines	<b>18,581,964</b>	<b>19,471,490</b>	<b>(889,526)</b>	<b>(4.57)</b>
				<b>Total Hoboken Division</b>				
2,429,774	2,535,338	(105,564)	(4.16)	Northeast Corridor Line	18,802,874	19,358,807	(555,933)	(2.87)
1,087,102	1,120,316	(33,214)	(2.96)	North Jersey Coast Line (1)	8,497,249	8,669,205	(171,956)	(1.98)
520,609	534,615	(14,006)	(2.62)	Raritan Valley Line	3,821,496	3,867,418	(45,922)	(1.19)
<b>4,037,485</b>	<b>4,190,269</b>	<b>(152,784)</b>	<b>(3.65)</b>	<b>Total Newark Division</b>	<b>31,121,619</b>	<b>31,895,430</b>	<b>(773,811)</b>	<b>(2.43)</b>
				Atlantic City Line	419,382	446,264	(26,882)	(6.02)
46,200	50,434	(4,234)	(8.40)	<b>Total Rail Ridership</b>	<b>50,122,965</b>	<b>51,813,184</b>	<b>(1,690,219)</b>	<b>(3.26)</b>
<b>6,690,792</b>	<b>6,931,737</b>	<b>(240,945)</b>	<b>(3.48)</b>					
5,496,210	5,572,194	(75,984)	(1.36)	<b>Bus Ridership</b>	40,900,802	41,347,129	(446,327)	(1.08)
4,941,684	5,096,059	(154,375)	(3.03)	Northern Division	37,021,338	37,777,948	(756,610)	(2.00)
1,361,614	1,463,829	(102,215)	(6.98)	Central Division	11,011,613	11,620,246	(608,633)	(5.24)
				Southern Division				
<b>11,799,508</b>	<b>12,132,082</b>	<b>(332,574)</b>	<b>(2.74)</b>	<b>Total Bus Ridership (2)</b>	<b>88,933,753</b>	<b>90,745,323</b>	<b>(1,811,570)</b>	<b>(2.00)</b>
1,133,169	1,216,092	(82,923)	(6.82)	<b>Light Rail Ridership</b>	8,988,934	9,091,197	(102,263)	(1.12)
440,202	469,356	(29,154)	(6.21)	Hudson Bergen Light Rail	3,126,068	3,329,150	(203,082)	(6.10)
175,456	197,133	(21,677)	(11.00)	Newark Light Rail/City Subway	1,534,022	1,612,924	(78,902)	(4.89)
				River LINE				
<b>1,748,827</b>	<b>1,882,581</b>	<b>(133,754)</b>	<b>(7.10)</b>	<b>Total Light Rail Ridership (3)</b>	<b>13,649,024</b>	<b>14,033,271</b>	<b>(384,247)</b>	<b>(2.74)</b>
<b>20,239,127</b>	<b>20,946,400</b>	<b>(707,273)</b>	<b>(3.38)</b>	<b>Total NJ Transit Ridership (4)</b>	<b>152,705,742</b>	<b>156,591,778</b>	<b>(3,886,036)</b>	<b>(2.48)</b>

**NOTES:**

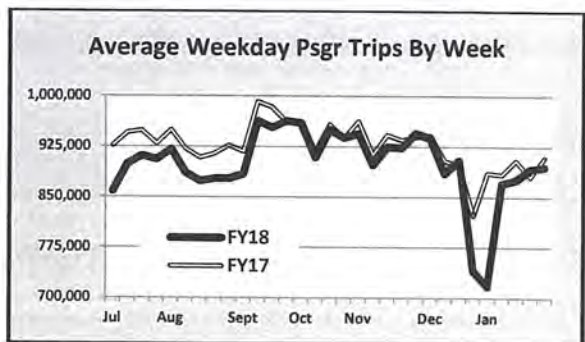
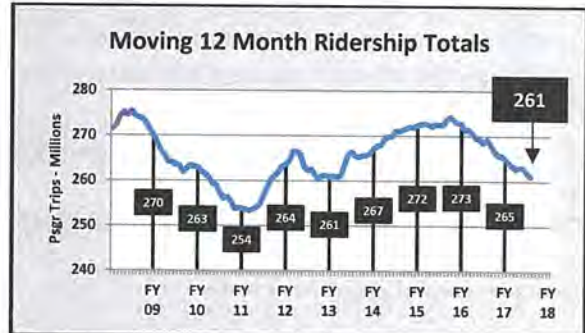
1. Includes Waterfront Connection Ridership.
2. Includes service operated for NJ TRANSIT by Contract Carriers.
3. Includes adjusted Light Rail Ridership totals for HBLR, Newark Light Rail/City Subway and River LINE as derived by the Market Analysis and Pricing Department utilizing sales and usage analytics.
4. Includes adjustments of prior period estimates to actuals for Rail and Bus Ridership.

**January 2018 Passenger Ridership**

- January ridership was -3.4% below last year, in raw numbers.
  - Ridership was -2.1% lower than last year when factoring out calendar differences, major weather incidents and special events (*Adjusted Percent Change*).
  - Weekday travel dropped -19% below last year during the first week of the month, as frigid temperatures and a snowstorm kept many riders home. Weekdays were only -1.3% below last year in the month's other four weeks.
  - Weekend ridership also felt the brunt of the weather. The first weekend of January brought arctic air that sent the mercury down -21 degrees below normal for this time of the year, resulting in a -6% rider decline from last year. With more seasonable weather on the rest of January's weekends, travel was just -1.2% below last year.
- Latest 12 months ridership collectively has totaled 261.0 million passenger trips, -3.0% lower than the 12 months prior to that.
- There had been improvement in weekday ridership trends, until late December and early January's frigid temperatures.
  - First twelve weeks of FY18, weekdays were -2.6% lower.
  - Next 13 weeks until the last week in December weekdays -0.7% off last year.
  - During late December and early January's extreme cold, weekday travel dropped -15% from last year.
  - Last four weeks in January, weekdays -1.3% below last year.

Passenger Ridership (millions)	Jan. 2018	Jan. 2017	Raw Percent Change	Adjusted Percent Change
Bus	11.8	12.1	(- 2.7%)	(- 1.1%)
Rail	6.7	6.9	(- 3.5%)	(- 2.4%)
Light Rail	1.7	1.9	(- 7.1%)	(- 7.1%)
<b>Total</b>	<b>20.2</b>	<b>20.9</b>	<b>(- 3.4%)</b>	<b>(- 2.1%)</b>

Passenger Ridership (millions)	Latest 12 Months This Year	Latest 12 Months Last Year	Percent Change
Bus	152.4	156.8	(- 2.8%)
Rail	85.2	88.1	(- 3.3%)
Light Rail	23.3	24.2	(- 3.6%)
<b>Total</b>	<b>261.0</b>	<b>269.2</b>	<b>(- 3.0%)</b>





**Bus Ridership**

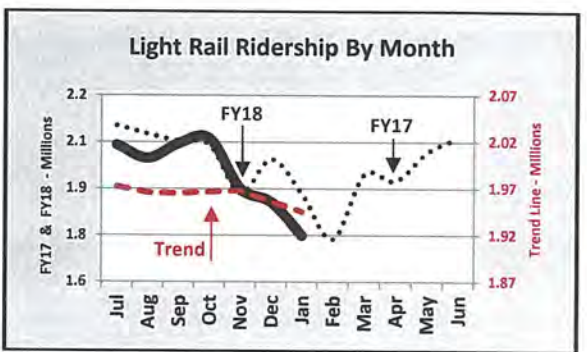
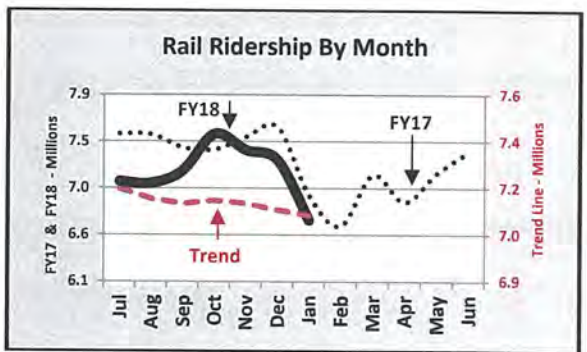
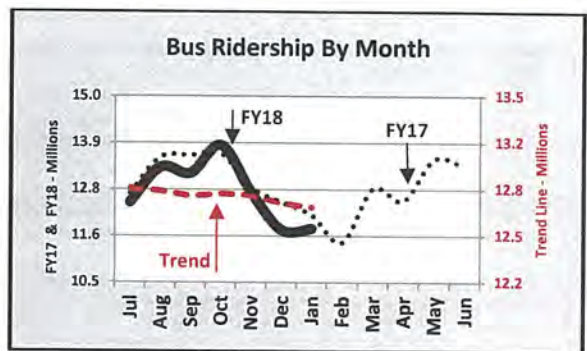
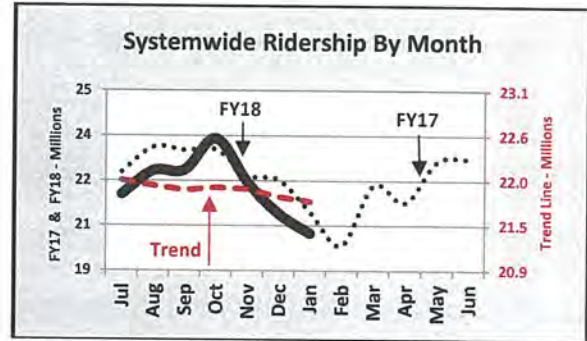
- January Bus ridership was -2.7% lower than last year, in raw numbers.
  - -1.1% lower than last January when adjusted for distortions caused by calendar differences, major weather incidents and special events.
  - Bus ridership severely impacted by cold and snow during the first week of January. Weekday travel down -23.2% that week; down just -0.3% the rest of the month.

**Rail Ridership**

- January Rail ridership -3.5% lower than last year, in raw numbers.
  - -2.4% lower than last January when adjusted for distortions.
  - Heavy weather impacts on Rail ridership the first week of the month. Weekday travel down -9.8% the first week; just -1.2% below last year for the remainder of the month.

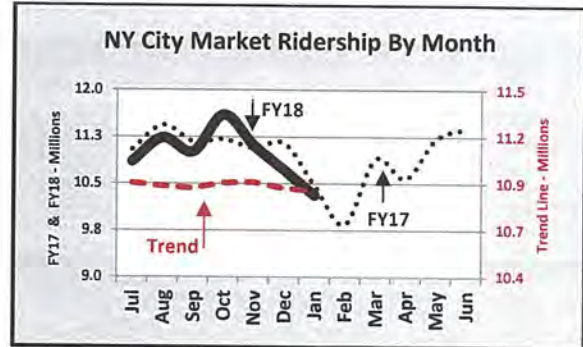
**Light Rail Ridership**

- January Light Rail ridership -7.1% below last year.
  - HBLR (- 6.8%)
  - Newark Light Rail (- 6.2%)
  - River LINE (- 11.0%)
  - Weekend Light Rail ridership was higher than last year, though weekdays were particularly hard-hit by early January's weather conditions.



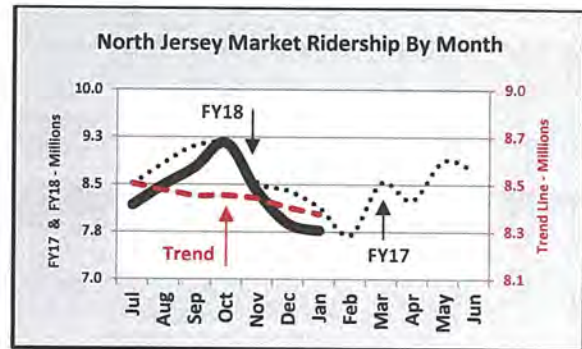
**New York City Market Ridership**

- January New York City Market ridership was -1.5% below last year, impacted by early January’s weather.
- Rail trips were -2.9% below last January; Bus trips were +0.3% higher.
- Hoboken exhibited the brightest Rail year-year result at +10.3%; Newark Penn -0.2%; and NY Penn -5.7% below last January.
- Bus travel strongest in the northern portion of the state; GWB routes and Bergen-Passaic-Hudson routes to PABT collectively were +0.7% higher than last year.
- Trend shows relatively stable New York City travel.



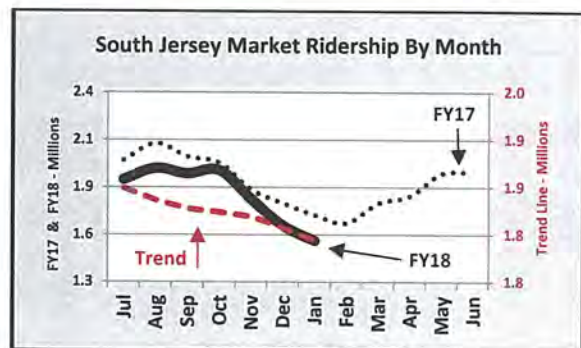
**North Jersey Market Ridership**

- January in-state North Jersey travel was -4.5% below last year.
- North Jersey Bus ridership -3.9% below last year; Rail -4.4%; Light Rail -6.7%.
- Trend shows declining ridership.



**South Jersey Market Ridership**

- January South Jersey ridership -8.8% below last year.
- South Jersey Rail ridership -5.3% below last year; Bus -8.6%; Light Rail -11.0%.
- Trend shows diminishing South Jersey ridership since the 2<sup>nd</sup> quarter of fiscal year 2013.





**Weather**

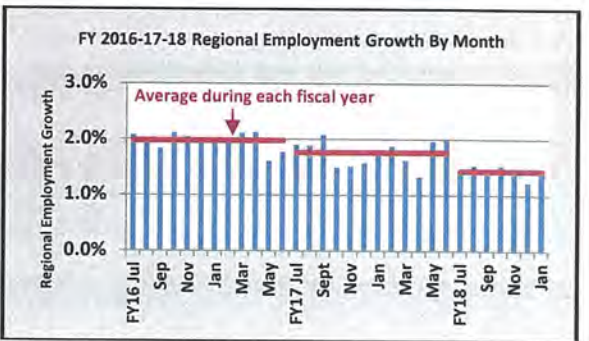
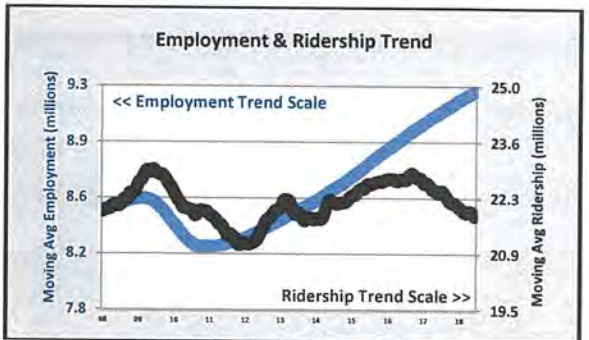
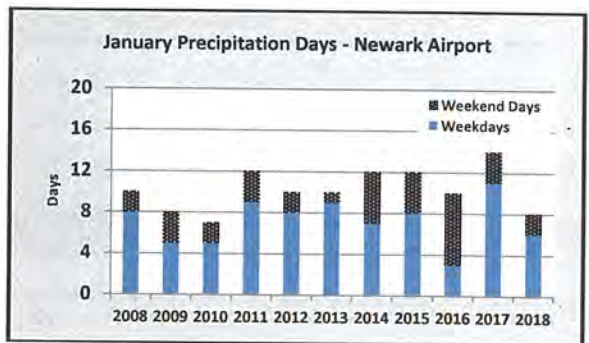
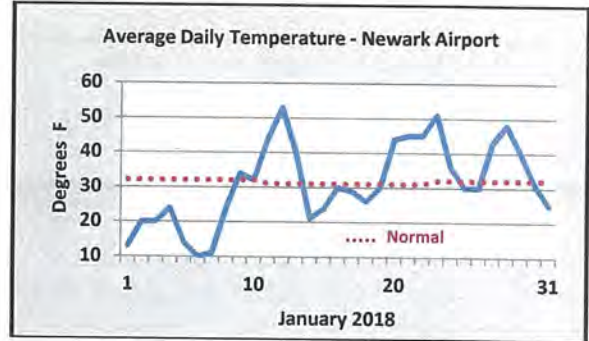
- January began frigid and ended almost balmy. The first eight days of the month averaged -15 degrees below normal, while the rest of the month averaged +5 degrees warmer than the norm. Heavy snow on Thursday January 4<sup>th</sup> kept many riders home of the 4<sup>th</sup> and 5<sup>th</sup>.
- Compared against last January, temperatures averaged -6.9 degrees cooler overall, with the first week averaging -17.0 degrees colder.
  - January saw 8 days with precipitation; last year 14 days; past decade has averaged 10.3 January precip days.

**Calendar & Special Events**

- There was one more weekday and one less Sunday compared to last January.
- There were no MetLife Stadium events this January; last year there was an NFL football game on New Years Day. Rail passenger trips at the stadium station during the 16 NFL regular season games this year dropped -23% from last season.

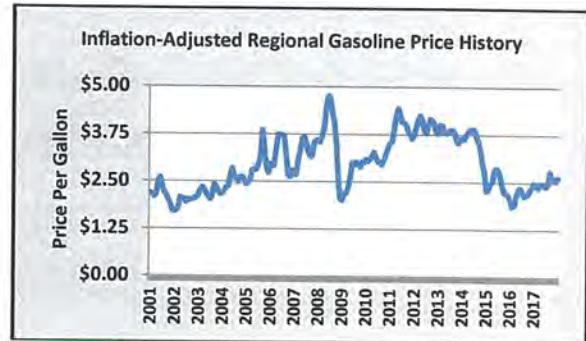
**Economy**

- Preliminary January employment data shows regional employment growth of +1.4%, in line with recent trends.
  - NY City +1.7%
  - New Jersey +1.1%
  - Philadelphia +1.1%
  - Region +1.4%
- Nationally, employment during January was +1.4% higher than last year.



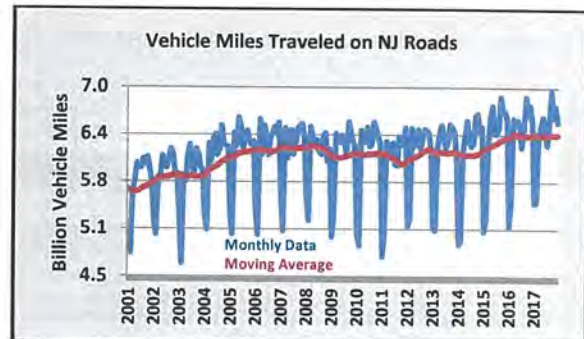
### Gasoline Prices

- January regional gasoline prices were +6% higher than last January, though still -30% lower than five years ago.



### Vehicle Miles Traveled (VMT) on New Jersey Roads

- December (latest available data) New Jersey VMT as calculated by the USDOT Federal Highway Administration was +0.4% higher than one year earlier.
- During the past 12 months NJ VMT has been +0.3% higher than the 12 months before that.
- NJ VMT peaked during the 12 months ended in March 2016; current levels are just -0.2% off that all-time 12 month peak.



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# **January 2018 Ridership Report**

NJ TRANSIT Finance

Market Analysis & Pricing

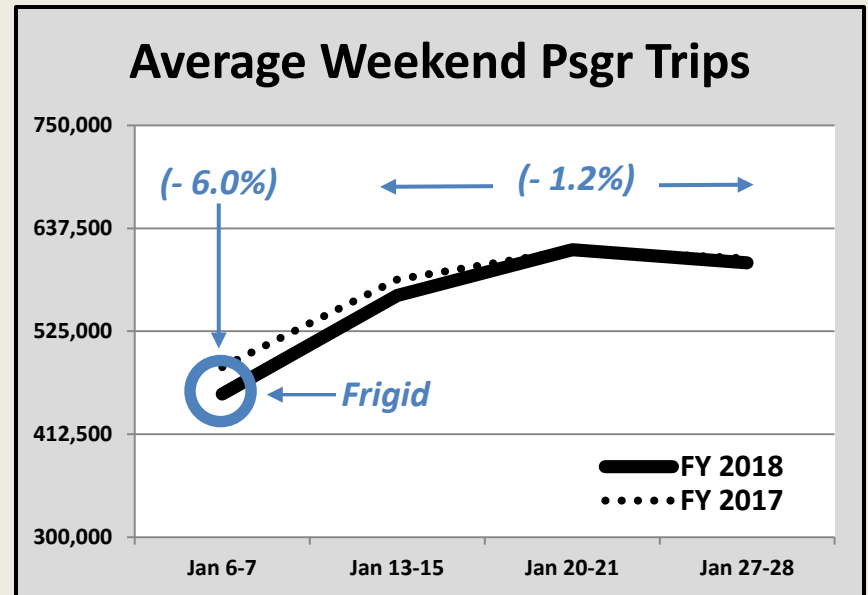
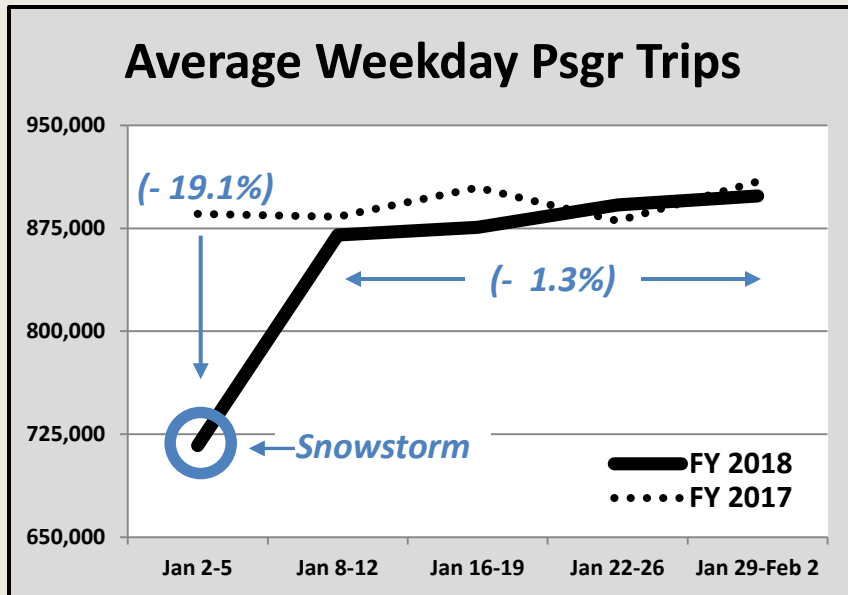
# January 2018 Ridership

Passenger Ridership (millions)	Jan. 2018	Jan. 2017	Raw Percent Change	Adjusted Percent Change
Bus	11.8	12.1	(- 2.7%)	(- 1.1%)
Rail	6.7	6.9	(- 3.5%)	(- 2.4%)
Light Rail	1.7	1.9	(- 7.1%)	(- 7.1%)
Total	20.2	20.9	(- 3.4%)	(- 2.1%)

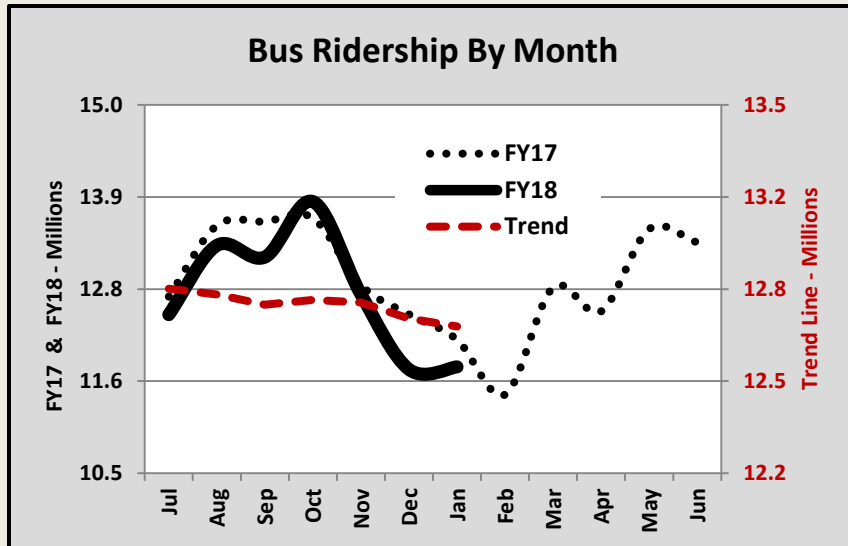
Passenger Ridership (millions)	Latest 12 Months This Year	Latest 12 Months Last Year	Percent Change
Bus	152.4	156.8	(- 2.8%)
Rail	85.2	88.1	(- 3.3%)
Light Rail	23.3	24.2	(- 3.6%)
Total	261.0	269.2	(- 3.0%)



# Weekday – Weekend Ridership

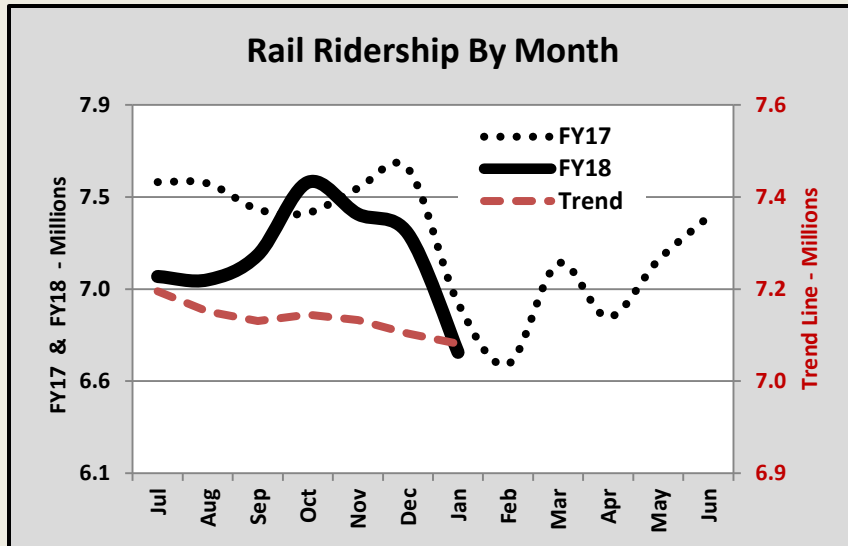


# Bus Ridership



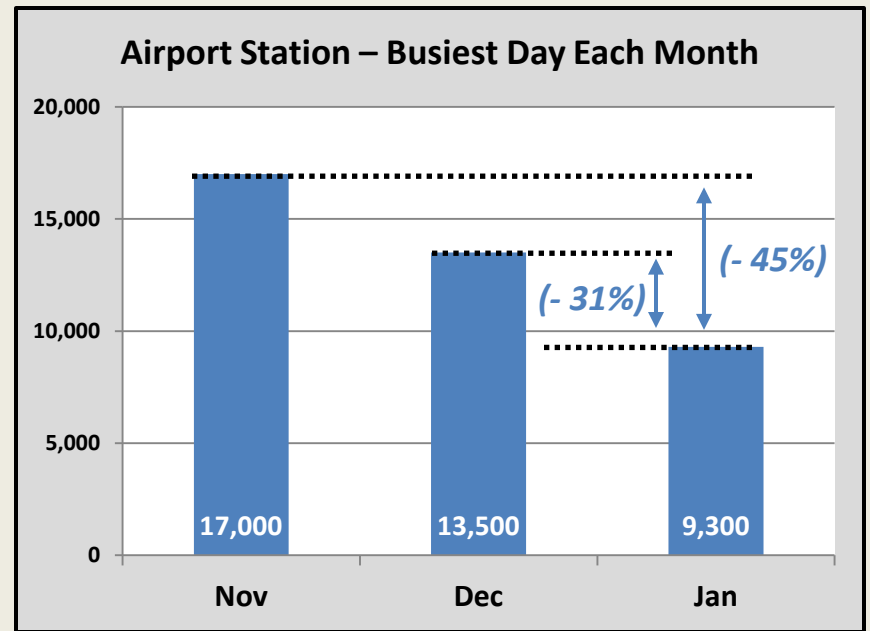
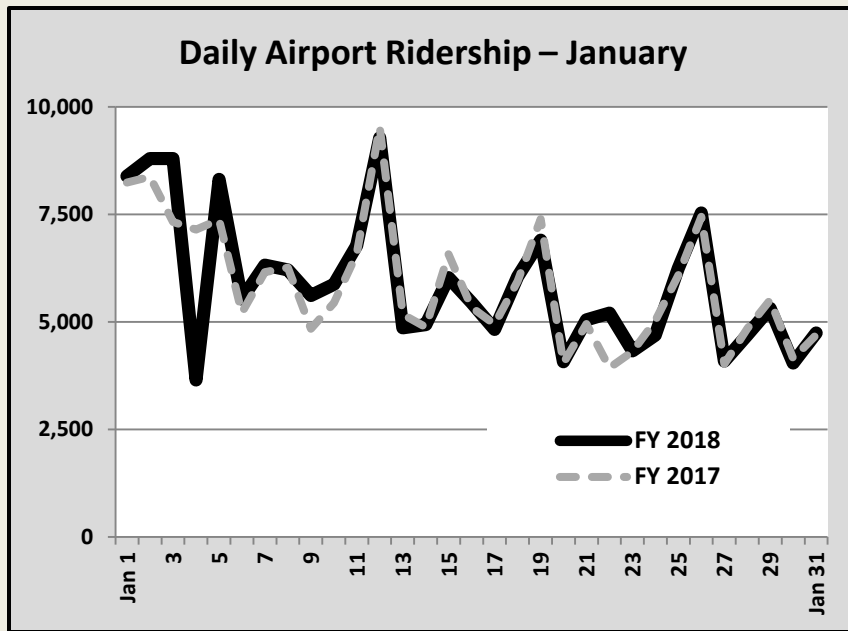
Bus Ridership Percent Change	Jan. 2018	Latest 12 Months
NY Interstate Routes	+0.3%	+0.2%
North Jersey Routes	(- 3.9%)	(- 4.3%)
South Jersey Routes	(- 8.6%)	(- 6.4%)
<b>Total Bus</b>	<b>(- 2.7%)</b>	<b>(- 2.8%)</b>

# Rail Ridership

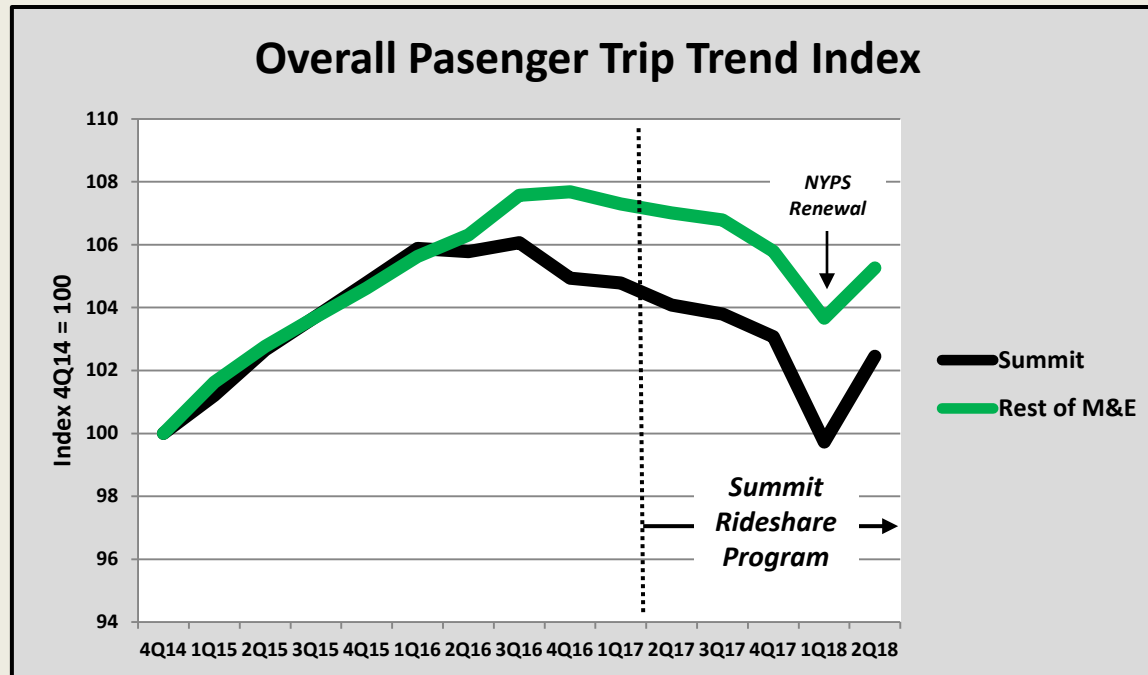


Rail Ridership Percent Change	Jan. 2018	Latest 12 Months
NY Market <i>(NYP NWK HOB)</i>	(- 2.9%)	(- 2.4%)
North Jersey Market	(- 4.4%)	(- 6.7%)
South Jersey Market	(- 5.3%)	(- 4.7%)
<b>Total Rail</b>	<b>(- 3.5%)</b>	<b>(- 3.3%)</b>

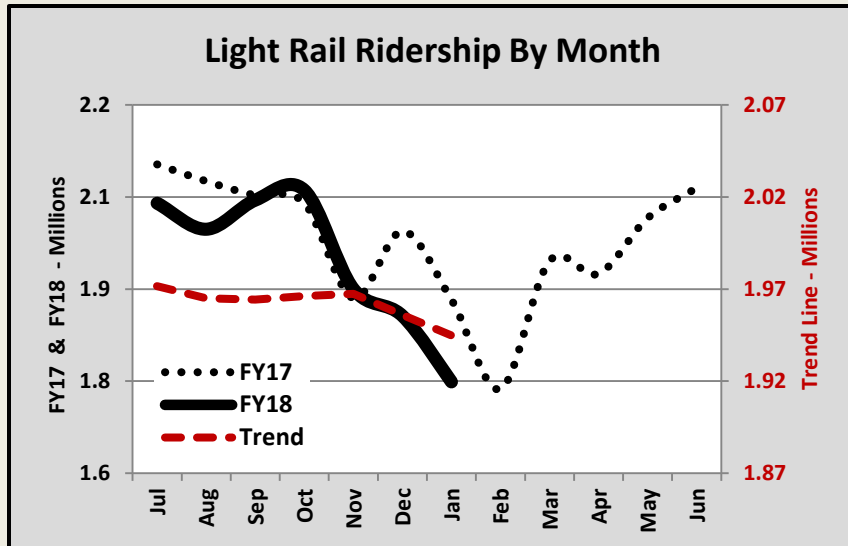
# Newark Airport Rail Station



# Summit Rail Station

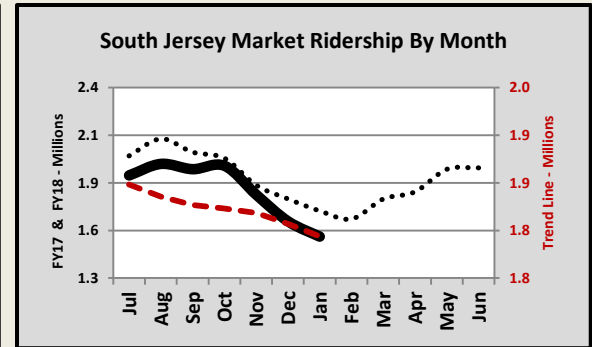
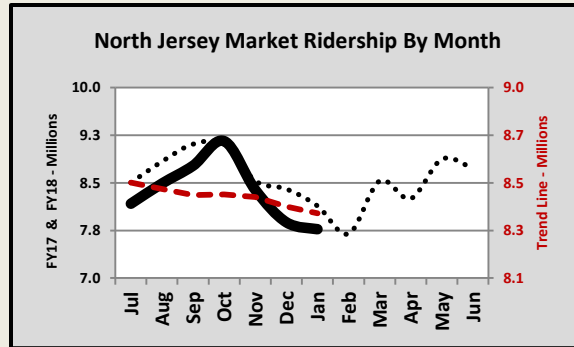
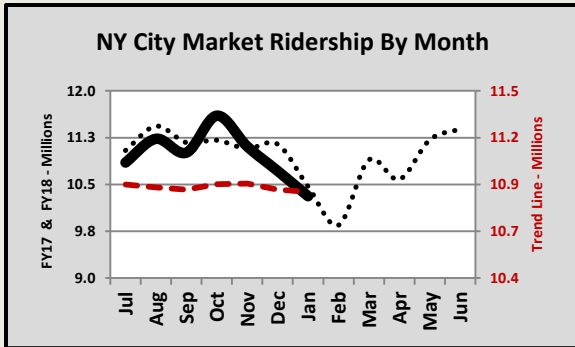


# Light Rail Ridership



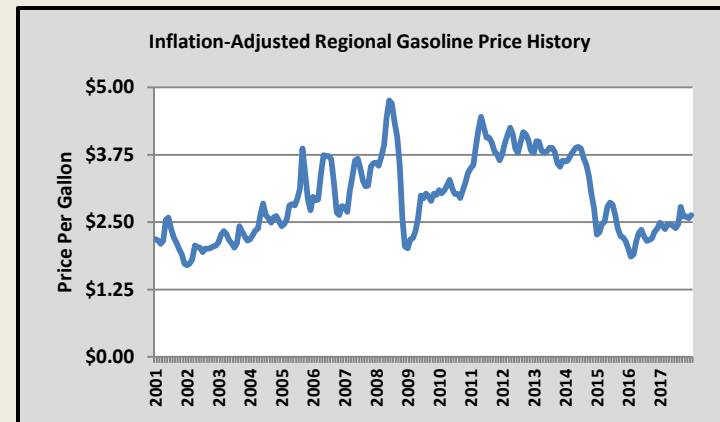
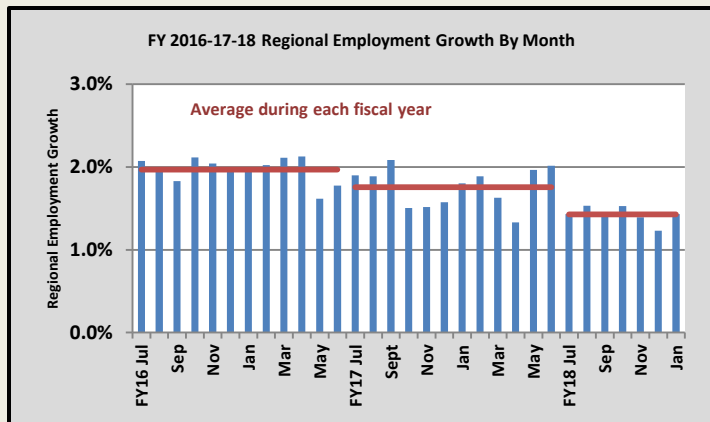
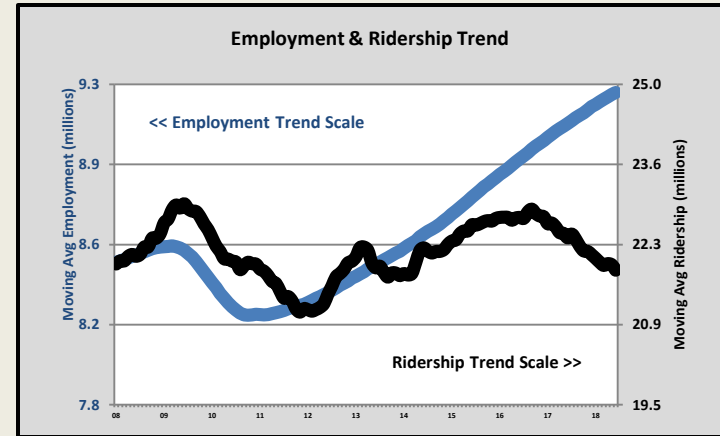
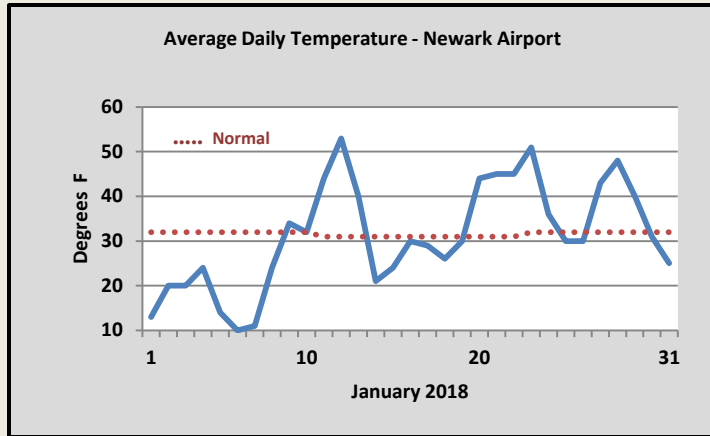
Light Rail Ridership Percent Change	Jan. 2018	Latest 12 Months
Hudson Bergen Light Rail	(- 6.8%)	(- 2.1%)
Newark Light Rail	(- 6.2%)	(- 7.7%)
River LINE	(- 11.0%)	(- 3.3%)
<b>Total Light Rail</b>	<b>(- 7.1%)</b>	<b>(- 3.6%)</b>

# Travel Market Ridership



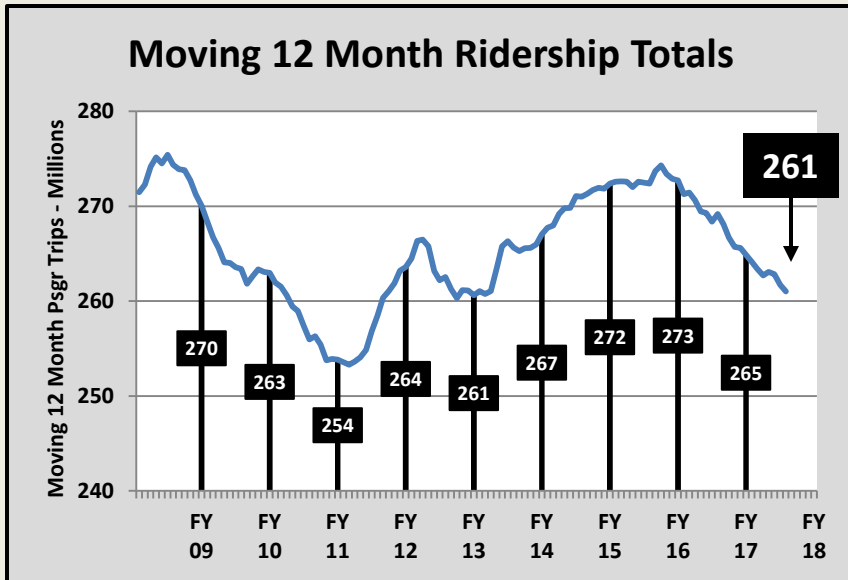
Destination Market Percent Change	Jan. 2018	Latest 12 Months
New York City	(- 1.5%)	(- 1.2%)
North Jersey	(- 4.5%)	(- 4.3%)
South Jersey <i>including Philadelphia</i>	(- 8.8%)	(- 5.9%)
<b>Total</b>	<b>(- 3.4%)</b>	<b>(- 3.0%)</b>

# External Factors





# Summary



Passenger Ridership (millions)	Jan. 2018	Adjusted Percent Change	Latest 12 Months	Percent Change
Bus	11.8	(- 1.1%)	152.4	(- 2.8%)
Rail	6.7	(- 2.4%)	85.2	(- 3.3%)
Light Rail	1.7	(- 7.1%)	23.3	(- 3.6%)
<b>Total</b>	<b>20.2</b>	<b>(- 2.1%)</b>	<b>261.0</b>	<b>(- 3.0%)</b>

# **January 2018 Ridership Report**

NJ TRANSIT Finance  
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